



United Arab Emirates

Securities & Commodities Authority

Chairman's Office

**Chairman of the Authority's Board of Directors' Resolution No.
(01/Chairman) of 2023**

Concerning the Regulation of Investment Funds

Chairman of the Securities & Commodities Authority's Board of Directors

Having perused:

The Federal Law No. (4) of 2000 Concerning the Emirates Securities & Commodities Authority and Market, as amended,

The Federal Decree Law No. (32) of 2021 Concerning Commercial Companies,

The Cabinet Resolution No. (13) of 2000 Concerning the Regulation as to the Functioning of the Securities and Commodities Authority, as amended,

The Cabinet Resolution No.(34M/1F) of 2022 on Reconstituting of the Securities and Commodities Authority's Board of Directors,

The Cabinet Resolution No. (102) of 2022 on Issuance of Administrative Penalties Regulation concerning the acts committed in violation of the provisions of the Federal Decree Law No. (32) of 2021 On Commercial Companies,



The Authority's Board of Directors' Resolution No. (2) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, as amended,

The Authority's Board of Directors' Resolution No. (9/R.M) of 2016 Concerning the Regulations as to Investment Funds,

The Chairman of the Authority's Board of Directors' Resolution No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms, and

The Approval of the Authority's Board of Directors in its fifth meeting of the eighth session held on 31/8/2022,

And Based on the public interest requirements,

Has resolved:

Introductory Chapter

Article (1) Definitions

The following words and expressions shall have the meanings set forth opposite each of them in this decision or its appendixes, unless the context of the provision dictates otherwise:

State: The United Arab Emirates.

Companies Law: The Federal Decree Law No. (32) of 2021 On Commercial Companies.

Authority: The Securities & Commodities Authority.



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| Market: | A securities and commodities market licensed in the State by the Authority. |
| Regulations Manual of the Financial Activities: | The Chairman of the Authority's Board of Directors' Resolution No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms |
| Investment fund: | A financial pool for collecting the investors' money for the purpose of investment against issuance of investment units having equal value. |
| Investment unit: | A security representing the share of its holder in the net asset value of the investment fund or in the assets thereof as per its nature. |
| Net assets value: | The total value of the investment fund assets, less the total of its obligations. |
| Net assets value for a unit: | The net value of the investment fund assets, divided by the number of its existing units on the assessment date. |
| Open-ended fund: | An investment fund having a variable capital that increases according to the new issued units and decreases by the redemption of existing units. |

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| Closed-ended fund: | An Investment Fund with fixed capital whose units are redeemed only on its expiry, unless the Authority approves an increase of its capital by new subscriptions or reduction of its capital by the existing units redeemed. |
| Public fund: | An (open-ended or closed-ended) investment fund offered for subscription to the public investors. |
| Private fund: | An (open-ended or closed-ended) investment fund offered for subscription to professional investors or counterparty. |
| Local fund: | A public or private investment fund established and licensed by the Authority in the State according to the provisions of this resolution. |
| Family fund: | A Local Fund with the ownership of its Investment Units restricted to one or more persons of the family, to which the provisions of the Private Fund are applicable pursuant to the provisions of this Resolution. |
| Self-managed fund: | A local fund established by two or more natural and / or legal persons pursuant to the provisions of this resolution. |

The executive body of a self-managed fund: A body formed by the board of directors of a self-managed fund for assuming the responsibilities and powers stated in this resolution.

Fund Manager The entity licensed by the Authority to conduct the activity of managing the investments of the investment funds or the activity of managing the family business investment.

Local fund services providers: A person providing his services for the investment funds, for example:

1. The Fund Manager
2. The administrative services of investment funds.
3. The Custodian.
4. The Auditor.
5. The Legal adviser.
6. Any other persons associated with the fund according to its nature and investment strategy.

Parties Related to the Local Fund

1. Service Providers of the Local Fund
2. Chairman and members of the board of directors, the senior management of any of the service providers of the local fund, the outsourced party, and their respective spouses and minor sons.

3. The lenders to the local fund.
4. Any direct or indirect holder or beneficial owner of Investment Units representing (5%) or more of any of the fund unit categories
5. Any person who controls any of the above persons
6. Any person who is controlled by any of the above mentioned persons.
7. Any person who is established to have a – direct or indirect – agreement or arrangement on the local fund.
8. Any person who was one of the related parties to the local fund during the six months preceding completion of the transaction or deal related to the fund.
9. Any person who knows that they will be a Party Related to the Local Fund within the six months following concluding the transaction or deal related to the Fund.
10. Any other person who is classified as a party related to the Local Fund pursuant to any

regulations issued by the Authority in this respect

- Control: The ability to direct and manage the policies and decisions of any person, directly or indirectly, including the control of the constitution of a percentage of (30%) or more of the members of the board of directors or the appointments of the administrative body.
- Securities: The securities or foreign securities specified in the regulations manual concerning the financial activities.
- Material change: Any change affecting the local fund's assets, obligations or performance, including:
1. . A change in the objectives or nature of the Investment Fund.
 2. Mergers.
 3. A change having an effect of (10%) or more on the fund's net assets value.
 4. . The change which has a negative effect that amounts to (10%) or more of the equities of

the holders of the Investment Units of the Fund

5. Conflict of interest cases which amount to (10%) or more of the Net Asset Value of the Fund or which effects (5%) or more of the total revenues of the Fund
6. Change and replacement of the fund's manager with another manager.
7. Change in the due date of the units or termination of the local fund.
8. Any other cases specified by the Authority.

Important
change:

Any change affecting the fund's assets or liabilities, including the following:

1. A change making the units' owners reconsider their contribution to the fund.
2. A change resulting in increasing the types of the funds payments made from the fund's assets to the fund's manager or any of the members of the fund's board of directors.
3. Reduction or increase of the capital of the closed local fund.

4. Any other cases specified by the Authority from time to time.

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| Changes subject to notification | Any change that does not fall within the scope of essential changes or important changes. |
| Special resolution: | The resolution issued by the majority of unit holders holding not less than three fourths of the Investment Units represented at the general meeting of the unit holders |
| Ordinary decision: | A decision issued by majority of the shares represented in the general assembly meeting of the units' owners. |
| Exceptional circumstances: | Emergency circumstances that makes the local fund unable to comply with its legislations and obligations because of an emergency event beyond its control that cannot be avoided or prevented even after taking the reasonable steps and procedures for avoiding the same, such as fire, blackout, telecommunications failure, economic and/ or political and/ or regulatory circumstances, that may – as the fund's manager believes – negatively and essentially affect the fund's assets, if it is established that it took all the required procedures for avoiding the same. |



هيئة الأوراق المالية والسلع
SECURITIES & COMMODITIES AUTHORITY



Professional investor or counterparty: The persons specified in the Financial Activities or Rulebook.

Article (2) Scope of application

First: The provisions of this resolution shall apply to the following:

1. Local Fund.
2. Local fund services providers.
3. The related parties of the local fund.

Second: The provisions of this resolution shall not be applicable to any of the following activities or procedures:

1. Deposits or joint bank accounts.
2. Entering into insurance or social insurance contracts.
3. Joint investments among the parent, holding, affiliate and sister group companies.
4. Time share programs of properties or other arrangements associated with the joint use of properties.
5. Employees' rewards and incentives programs managed by the issuer or one of the members of the parent, holding, affiliate and sister group.
6. Investment funds established by the federal or local governmental authorities or the companies that are completely owned by any of them, unless such funds are directed for the public.
7. Any other business or arrangements as may be specified by the Authority.

Article (3) General provisions

1. The manager or the executive body of the self-managed fund shall be the legal representative of the local fund before the courts and in its relationship with others, and shall be responsible with the Service Providers of the Local Fund and the board of directors of the Self-Managed Fund, each within their respective powers, for compliance by the Local Fund with the provisions of this Resolution.
2. A Service Provider of the Local Fund and its creditors shall not have any rights or interest in the fund assets, other than their due fees and the Investment Units held by them in the Local Fund.
3. Any person may submit to the Authority a proposal for establishing a local fund which includes an investment policy or another classification of the fund which is not regulated by the Authority, for initial consideration before filing the for establishing and licensing request or application. The Authority may approve or reject the application along with assigning the reasons for rejection within (20) working days from the date of filing the completed application provided that the fee prescribed by the Authority shall be paid.

Chapter (1): Establishing and licensing of the local fund

Article (4) The persons concerned with establishing the local fund

First: The local fund shall be established by one of the following persons:

1. An entity licensed by the Authority to carry on the activity of management of Investment Funds investments.
2. An entity licensed by the Authority to conduct the activity of family investment management in relation to the family fund, provided that the units of the fund shall be (100%) owned by one or more members of the family, whether such member is a natural person and / or corporate person which is wholly owned 100% by them, and provided that the unit holder shall be the beneficial owner. The Authority shall specify the definition of family in relation to this type of funds.
3. Two or more natural and / or corporate persons in relation to the self-managed fund provided that the following conditions shall be met:
 - A- The natural person shall meet the conditions and standards of qualification and fitness related to approved employees' Fit and proper requirements as stated in Section (2), Chapter (6) of the Financial Activities Rulebook, excluding passing of the professional licensing tests and continuous professional development.
 - B. The corporate person shall be established in the State and shall conduct a financial, banking or insurance activity. The corporate person may also conduct other activity

provided that their main activity shall be the same activity conducted by the investment fund through its investment policy and shall fulfil the following conditions:

- 1- Their capital shall not be less than (20) million Dirhams.
 2. To be carrying on their main activity and realized net profits during the two financial years preceding the fund establishing application.
 3. He shall meet the initial approval conditions and the assessment requirements as stated in Section (2), Chapter (3) of the Financial Activities Rulebook
- C. The founders shall subscribe in the fund with an amount not less than (5) million dirhams.
- D. The founders shall not dispose of the investment units owned by them for a period of not less than (6) months from the date of foundation.
- E. The founders shall pay a self-management fee for the self-managed fund as specified by the Authority The fund will be liable to settle all fees once it is licensed and established. ..

Second: The self-managed fund, through its founders, its board of directors, the executive body, and the investment committee – each within their respective responsibilities – shall comply with the duties of the entity licensed to carry out the activity of management of the investment funds investments as stated in the Financial Activities

Rulebook, excluding clauses (12, 16). **Article (5) Request and application for initial approval**

1. The fund manager or the founders of the self-managed fund shall file an application to the Authority for obtaining an initial approval for establishing and licensing the local fund, on the form prepared for this purpose accompanied by all the documents and information as set out in the form and annexes as follows:
 - A. The name of the local fund specified in a clear manner that does not cause any confusion or is misleading and that is not contrary to the public order in the State.
 - B. The Local Fund prospectus, with summary of the prospectus details (KIID) which shall both include the minimum details listed in Annexure (1) including details of the investment policy and classification of the Local Fund, provided that the same are consistent with the details in Annexes (2) and (3).
2. The applicant shall pay the application fee specified by the Authority.
3. The fund manager shall be responsible for the validity of the information and documents submitted to the Authority and the information contained therein. He shall be also responsible for notifying the Authority immediately of any change in the documents or information submitted to it.

4. The Authority may request any data, documents or amendments from the applicant provided that the required items shall be submitted within (20) working days from the date of request by the Authority, otherwise the application shall be considered waived.

Article (6) The Authority's decision on the initial approval application

1. The Authority shall issue its initial approval of the establishing and licensing application or dismiss the same within (10) working days for the public fund and within (5) working days for the private fund, from the date of receipt of the application. The Authority may issue its approval on the conditions or restrictions considered proper by it and may reject the application despite fulfilment of its condition and in the best interests of the public, if it considers that the investment is not suitable for the investment environment in the State or if it considers that the application does not represent the interest/s of the investors, provided that the Authority shall notify the applicant of its rejection and stating the grounds of rejection.
2. The Authority's initial approval shall not be deemed as licensing of the local fund for conducting its activity. Any act or procedure relating to carrying on the Local Fund's activity based on the initial approval shall be considered null and void.
3. It shall be prohibited to make any announcements or initial procedures for establishing

or licensing the local fund, subscribing in its units, promoting thereof, distributing any promotional materials or announcing any information until the Authority's approval has been obtained.,

4. The founders of the self-managed fund shall ensure that the fund meets the same conditions of licensing the activity of managing the investments of investment funds as stated in section 2 of the Financial Activities Rulebook during the initial approval period and before commencement of the offering procedures as stated below, provided that the board of directors shall continue to ensure that the fund meets those conditions as stipulated below:
 - A. Chapter 4 excluding clauses (1, 2, 3) of Article 2.
 - B. Chapter 5 excluding Articles (2, 6, 7, 8, 12 to 16).
 - C. Chapter 6 concerning appointment and approval of the required job positions.
 5. The Local Fund shall have corporate identity throughout the period of its establishing and licensing to the extent necessary for establishing it and fulfilment of its licensing conditions to enable it to carry out the necessary procedures for establishing such as acquisition of premises or lease, opening bank accounts, appointment of approved employees and any other acts as may be allowed by law to be carried out by companies under incorporation.
- Article (7) Preparation of the offering document and the offering document information summary (KIID)**

The fund manager and the founders of the self-managed fund shall comply with the following:

1. Preparation of the local fund's offering document and the offering document information summary (KIID) in Arabic or English languages.
2. Refrain from stating in the offering document or the offering document information summary (KIID) any promises, guarantees or incorrect or misleading information.

3.

Include in the prospectus full disclosures of the shares in kind provided and the units to be issued against them, specifically:

- a. Full information on every share in-kind, its owners and value, and the number of units to be issued against every share.
- b. Summary of the evaluation report of the shares in-kind.
- c. Explanation of the extent to which the shares in-kind can be disposed of after establishing the fund pursuant to the investment resolutions taken.
- d. Explanation of the extent to which the values of the shares in-kind will vary after establishing the fund according to the market circumstances and evaluation reports⁴. Attaching a copy of the subscription form that shall include information on the local fund's name, investment strategy, capital and the conditions of subscription therein, along with the subscriber's name, address in

the State, profession or activity, nationality, number of the investment units he desires to subscribe and his undertaking to accept the fund offering document's provisions and the summary thereof.

5. Sign the offering document and its summary (KIID) , and he shall be responsible for validity of the data and information contained therein.
6. Make available to the unit holders on constant basis, and update on regular basis, the prospectus and the KIID on the website of the Fund Manager and the Self-Managed Fund with the historical performance of the Local Fund, and making them available to the unit holders without consideration. The Family Fund shall be excluded from publication on the website.

Article (8) Invitation for Subscription

First: The fund manager and the founders of the self-managed fund shall comply with the following:

1. Offering the local fund's units for subscription inside or outside the State under the subscription form attached to the offering document, no later than (6) months from the date of issuance of the Authority's decision of the initial approval on the establishment application, otherwise, the Authority's approval shall be deemed as null and void. However, an application may be filed prior to the expiry of the specified period for extension for a similar period or a shorter period with assigning the causes of the same. The Authority

may approve or reject the application as it deems proper.² Compliance with all the regulatory approvals and requirements of the foreign regulatory authorities in the event of offering outside the State and in accordance with the offering document.

3. Not advertise any subscription result except after completion of subscription and giving notice to the Authority of the same.

Second: General provisions on subscription:

- 1- There is no minimum or maximum limit for the ownership of the local fund units concerning the nationality of the investment units' holders unless the fund offering document states otherwise.
2. Subscription by the investor in the Local Fund shall be considered approval of the prospectus and acknowledgment of their knowledge of the risks of investment in the type of the fund in which they subscribe.
3. The fund manager may target particular categories of investors for subscription in the local fund provided that this category shall be specified in the offering document in accordance with the fund's nature and investment strategy.

Third: Additional provisions on the public fund subscription:

1. The stakes provided for subscription shall be cash stakes and they may be shares in-kind in the event that the subscription is in private equity fund, venture capital fund, real estate fund or any other type of funds subject to the Authority's approval, provided that the

shares in-kind shall be appraised by two appraisers in accordance with the procedures specified in the annex no. (4) of this resolution.

2. Subscription shall be received by an entity licensed for doing this in the State according to the provisions of the Companies Law.

Fourth: Additional provisions on private fund subscription:

1. The minimum limit of subscription in the Investment Units shall be Dirhams (180) thousand calculated on basis of the nominal value of the units excluding the Family Fund.
2. The minimum limit specified in the previous clause shall continue to apply to any transaction after establishing the fund excluding force majeure cases such as (inheritance, attachment, resolutions of the Authority, court judgments, orders and resolutions, etc.) which result compulsorily in reduction of the investment balance participating in the fund below the minimum limit.
3. Public advertisement media of all types, audio, video and read materials shall not be used.
4. Subscription may be received through a bank account with a bank operating in the State (in the name of the Private Fund).

Article (9) Underwriting

1. Subscription should be fully underwritten in the local fund as specified in the offering document, provided that the subscription period shall not be less than (5) five working days and shall not exceed (3) months.
2. If subscription is not fully underwritten within the period specified in the offering document, the fund manager or the founders of the self-managed fund may take the following actions subject to obtaining the Authority's approval:
 - A. Extend the subscription period for an additional period of no more than (3) months for the two periods.
 - B. To amend the capital in accordance with the mechanism specified in the prospectus and in line with the underwritten subscription provided that the capital amount shall not be less than (50%) of the capital of the fund offered for subscription, specified in the prospectus.
 - C. Revoke the establishment of the local fund in the event that the above mentioned limit is not reached. In such event, the subscription amounts shall be returned to the subscribers along with the accrued interest or profits. The Fund Manager or the founders of the Self-managed Fund shall be liable for the costs spent during the period of establishing of the Local Fund.
3. In the event that subscription units exceed the number of the offered investment units, the fund manager or the founders of

the self-managed fund may take one of the following procedures:

- A. Increase the capital in accordance with the investment nature of the local fund, after obtaining the Authority's approval on that increase to absorb the excess subscription applications. B. Distribute the investment units offered for subscription to subscribers in proportion to their subscription amount in the public fund or as specified under the offering document as for the private fund.

Article (10) Allocation and Repayment of Surplus

First: After subscription is closed, the entity that received the subscription shall take the following procedures:

1. Allocate the investment units to subscribers within (5) working days from the date of closing of the subscription.
2. Repay the surplus amounts paid by subscribers and the returns accrued on it in, no later than (5) five working days from the date of allocating the investment units to subscribers. The funds repaid to the subscribers shall be in addition to the calculated interest or realized profit on such funds as of the date of deposit of the same on subscription to the day preceding the date of making them available for disbursement to the subscribers, without charging them any expenses and without deduction of any amounts.

Second: On allocation, the Fund Manager and the founders of the Self-managed Fund shall ensure that the amount of the Investment Units allocated to the investor –who provides the share in-kind- shall not exceed the value of the share in-kind provided by such investor in addition to the expenses of transfer of title or benefit paid by the investor on behalf of the fund in the case of agreement with the investor to give them units against such expenses.

Article (11) Provisions of the local closed- end fund

1. The subsequent provisions for increasing the capital of closed-ended local fund, if this is approved by the Authority, shall be subject to the procedures related to subscription and allocation. Moreover, the provision of reduction of its capital shall be subject to the Authority's approval as per its conditions.

2.

The Fund Manager or the founders of the Local Closed-end Self-managed Fund may increase the capital by a program consisting of a series of issues which are considered one issue, provided that they shall:

- a. Obtain approval of the program of the Authority and the general assembly of the holders of the units of the Public Fund by Special Resolution
- b. The program term shall not exceed (3) years from the date of approval by the Authority of the Public Fund, and (5) years for the

Private Fund from the date of commencement of the program. In the case of failure to perform the program within the specified time the approval shall be considered non-existent in relation to the program or the part remaining from the program, as the case may be.

- c. Include in the prospectus the term and procedures of the program.³. The fund manager or the founders of the closed-end local self-managed fund may state in the offering document a mechanism for payment of the nominal value of the investment units in installments upon the initial offering or increase of the capital thereof, along with complying with the following:
 - A. The first payment shall be payable upon subscription in the initial offering or the capital increase.
 - B. The offering document shall state the procedures required for making the due payments and the method of dealing with the cases of non-compliance by the unit holders.
 - C. All due payments shall be made within a period not exceeding two years from the unit issuance date.

Article (12) Final approval and issuance of the decision of incorporation and licensing

1. The fund manager and the founders of the self-managed fund shall submit the below mentioned items to the Authority within no later than (30) days from the date of closing subscriptions, otherwise, the

establishment procedures shall be deemed as non-existent, and they shall return the amounts to subscribers as per the mechanism specified in this resolution:

- A. Certificate from the auditor of local fund stating that subscription to capital has been completed.
 - B. Submitting evidence proving that the natural and corporate persons who subscribed in the family fund are all family members and are (100%) beneficial owners.
2. The Authority shall issue a certificate for establishing and licensing of the local fund to commence conducting its activities within (5) days from the date of submission of the auditor's certificate and ownership evidence in relation to the family fund upon payment by the Fund Manager of the licensing fee prescribed by the Authority.
3. The term of the license of the Local Fund shall be one year commencing from the date of issuance of the first license. The Fund Manager and the executive body of the Self-managed Fund shall submit an application for renewal of the license annually not less than one month prior to its expiry date, upon payment of the annual license renewal fee prescribed by the Authority from the Fund funds.
4. All the legal effects performed by the fund manager or the founders of the self-managed fund in the incorporation and licensing process shall be transferred to the local fund. The fund shall bear all the expenses associated therewith except the expenses of offering and promoting the public fund units and the expenses

of preparation of the offering document thereof along with any other documents associated therewith and required by the Authority as the same shall be borne by the fund manager or the founders of the self-managed fund from their own resources.

5. The Local Fund shall have full corporate identity and shall have independent financial accounts as of the date of issuance of the certificate of establishing which authorizes it to carry out all the legal acts a company can carry out such as acquisition, lease, opening bank accounts, appointment of approved employees and others.
6. The local fund shall exercise its investment policy within a period not exceeding (12) months from the date of being licensed.

Chapter (2): Obligations and Liabilities of the local fund

Article (13) Board of Directors of the Local Fund

First: Constitution of the Board of Directors of the Local Fund:

The founders of the self-managed fund and the family business investment management company shall form a board of directors for the fund. The investments management company may form a board of directors for the fund if this is mentioned in the offering document, provided that the following conditions shall be met:

1. The offering document shall specify the method of nomination and formation of the fund's board of directors along with the number of

its members and the membership term provided that it shall not exceed three years.

2. The number of the fund's board of directors' members shall not be less than three members and shall not exceed eleven members.
3. The fund's board of directors' responsibilities shall not interfere with the responsibility of the fund manager, the executive body of the self-managed fund, any of accredited employee or the service provider of the fund.
4. The majority of the members shall be independent members.
- 5.

The members of the board of directors shall fulfill the conditions and standards of qualification and fitness relating to approved employees, provided in Chapter Two, Section Six of the Financial Activities Rulebook, excluding passing the professional licensing tests.

6. The member shall not have interests which conflict or compete with the activity, objectives and investment policy of the fund.
7. A member shall not be a member on the board of directors of more than five local funds and shall not be the chairman or the vice chairman of the board of directors on more than two local funds. Membership of the member who violates this provision based on the seniority of the member shall be void, and the violator shall

return to the Local Fund in which his membership was rendered void any amounts received from them.8.

The management service company of the fund shall be the secretary of the meetings of the board and shall keep all the resolutions made by the board.

9. To provide all the information and documents to the members of the board of directors in order to enable them to perform their role.
10. To notify the Authority of all the details relating to the board of directors and any changes

Second: Resignation or dismissal of the members of the board of directors of the fund:

1. In the event that any member of the board of directors loses any of the membership conditions or in the event that the board member resigns for any reason, the fund manager and the board of directors of the self-managed fund shall immediately notify the Authority thereof and an alternate member shall be appointed within (45) days from the date of being aware of the same.
2. The independent members may not be dismissed unless under a special decision issued by the general assembly of the unit holders.

Third: Responsibilities and obligations of members of the Board of Director's:

1. Every member shall disclose any direct or indirect interest and shall refrain from voting on any of the board's decisions if the member has any direct or indirect special/private interest.
2. A meeting shall be held at least twice a year with the investment committee, the compliance officer and the executive body of the self-managed fund for review of the fund's compliance with all laws, resolutions, the provisions of this resolution and the fund's offering document, along with recording the meetings minutes and the decisions made by the board.
3. An executive body shall be formed for the self-managed fund of two or more approved employees of the fund, provided that they shall include the approved manager. Their signature or the signature of the person authorized by them shall be considered signature by the Fund Manager and they shall be jointly liable with the members of the board of directors for any error, negligence or deceit in the fund management.
4. Ensure that the fund manager, the investment committee and the executive body of the self-managed fund, perform their responsibilities in favor of the interests of the unit holders as per the offering document.
5. Ensure that the fund manager and the executive body of the self-managed fund shall comply with disclosing the material information to the unit holders and the other stakeholders.
6. Evaluate the mechanism by which the fund manager, the investment committee and the executive body of the self-managed fund,

manage risks related to the fund assets according to the policies and procedures related to assessment and observation of risks and how to deal with them.

7. Supervise any conflict of interests disclosed by the fund manager, the executive body of the self-managed fund or any of the approved employees and the fund service providers, along with working for managing those conflicts.
8. Review the annual report prepared by the fund manager, and the executive body of the self-managed fund regarding the performance level of the services providers of the fund in the best interests of the unit holders as per the offering document.
9. Review the annual report on the complaints and the procedures taken, and ensure that the fund manager and the executive body of the self-managed fund perform their responsibilities in this regard.
10. Approve and adopt written policies on the voting rights of unit holders concerning the fund assets.
11. Give advice concerning all contracts, decisions and essential reports to which the fund will be a party, including for example (approval of development contracts, custody contract, marketing and pricing contract and contracts of acquisition and properties purchase).

Fourth: The Fund Manager and the self-managed fund's board of directors shall comply with the following:

1. Disclose on the website of any amendment or variation in the members of the board of directors of the fund.
2. Conduct an annual evaluation concerning the members' independency to ensure absence of any relationships or circumstances which may affect such independence.

Fifth: Local Funds managed by the same Fund Manager may have one board of directors as determined by the Fund Manager provided that the board is able to have effective supervision of such funds, without prejudice to the condition of multiple memberships.

Sixth: Family fund:

1. Only the provisions of the board of directors provided in First (1, 2, 3, 10) and Third excluding clauses (1, 3) shall apply to the Family Fund.
2. The members of the board of directors of the Family Fund shall be family members or a company (100%) owned by any of them. Any of the members may be represented by a person who is not a family member in the case of a custodian, attorney or trustee of any of the family members.

Article (14) Local fund accounts

1. Every local fund shall have a financial year specified in the offering document thereof, provided that the first financial year of the local fund shall not exceed (18) eighteen months and shall not be shorter than (6) months starting from the licensing date of the fund.

2. The subsequent financial years shall be deemed as consecutive periods as every period shall be for (12) months starting directly after end of the precedent financial year.

Article (15) Local fund's reports

First: Financial Reports of the Local Fund:

The investment fund's administrator shall comply with maintaining the local fund's accounts and preparing the financial reports, provided that this shall be done in accordance with the International Financial Reporting Standards (IFRS) and they shall include the opinion of the Sharia's Supervision Committee - if required - as follows:

1. **semi-annual financial reports audited** by an external independent auditor within a period of no longer than (45) days from the end of the semi- annual period.
2. **Annual financial report audited** by an external independent auditor within a period of no longer than (3) months from the end of the local fund's financial year.

Second: Other Reports of the Local Fund:

The fund manager and the self-managed fund's board of directors shall, in coordination with the investment fund's administrator, prepare the below reports:

1. **Semi- annual report** on the public fund's performance. This report shall include the material changes in the public fund including the changes in the fund's assets value or the changes made to the fund's

investment policy during the report's period (if any) no later than (45) days from end of the semi- annual period as per the form prepared by the Authority.

2. **Annual report** on the local fund's performance. This report shall include the material changes, the fund's related party transactions on the fund units, all the investment restrictions violations and the corrective procedures and their effects, and the level of performance of the fund service providers managed by them including its notes and procedures for avoiding any defect in the quality of the services provided to the fund no later than three months from the date of end of the local fund's financial year as per the form prepared by the Authority.

Third: Publication of the reports:

The fund manager and the self-managed fund's board of directors shall publish all the required reports in Arabic and English languages. It shall be allowed also to prepare additional copies in other languages and providing them to the unit holders on the website of the fund manager or the website of the self-managed fund or by any mean as agreed upon under the offering document, the subscription form or any other means specified by the Authority, free of charges, except the reports related to the family fund as the disclosure of those reports shall be limited to the unit holders as agreed upon under the offering document. In all cases, the Authority and the market shall be provided

by - if the units are listed therein and by the means specified by it - a copy thereof.

Fourth: The local fund's manager, the self-managed fund's board of directors and any services providers, shall comply with submitting any reports, financial data or information required by the Authority provided that the same shall be submitted within the term specified by the Authority.

Fifth: The unit holders of the local fund shall be entitled to review the local fund's reports as specified under the offering document.

Article (16) Conversion of cash debts

1. The fund manager and the board of directors of the public closed-end self-managed fund may increase its capital by converting its cash debts into investment units in the fund's capital after taking the approval from the unit holders under a special resolution issued by the general assembly of the unit holders.
2. The fund manager and the board of directors of the self-managed fund shall submit a study to the general assembly of the unit holders. Such study shall show the feasibility and the economic benefits achieved for the fund as a result of converting the cash debts into investment units in the capital of the fund.
3. Cash debts pursuant to the provisions of this Resolution shall include the debts payable to the federal government, the local governments, public entities and corporations in the State, banks

and finance companies.4. The cash debts conversion ratio shall not be less than the declared units' net asset value or their market value on the conversion date, whichever is higher.

Article (17) Lending and borrowing by the local fund

1. The Local Fund shall not make cash lending. The Authority may allow the same for certain investment policies after obtaining by the fund of the approval of the concerned authorities in the State. Holding debt instruments shall not be considered lending.
2. The Local Fund may borrow cash pursuant to the investment policy of the fund.
3. The Local Fund may lend and borrow listed securities, to the extent to which the same is not inconsistent with its prospectus, pursuant to the controls issued by the Market or the foreign market.

Article (18) Division or Merger and Categories of Investment Units

1. The Fund Manager and the executive body of the Self-managed Fund may amend the value of the Investment Units by division or merger of the Investment Units as follows:
 - a. To obtain approval of the Authority and the general assembly of the unit holders by an Ordinary Resolution, in the case of the Closed-end Public Fund.

- b. Pursuant to the provisions of the prospectus in the case of the Closed-end Private Fund.
2. The Local Fund may issue categories of Investment Units which vary in rights and obligations pursuant to the provisions of the prospectus, provided that the Fund Manager or the executive body of the Self-managed Fund shall observe the following:
 - a. All categories of the Investment Units shall be within the same investment framework targeted by the fund.
 - b. The holders of the units of the same category shall have equal rights and obligations.
 - c. The holders of the units of a certain category shall not have rights which may be in prejudice to the rights of another category of Investment Units of the fund.

Article (19) Incorrect evaluation of the fund's net asset value

1. The fund administrator shall comply with the following in the event of incorrect evaluation of the local fund's net asset value or the incorrect calculation of the value of the fund's investment units:
 - A. Document the cases and causes of incorrect appraisal of the Net Asset Value of the fund or the price of the Investment Units of the fund.
 - B. Compensate all the affected unit holders (former and current) for such an error.
2. The fund manager and the board of directors of the self-managed fund shall immediately notify the Authority of any mistake in the

evaluation or pricing that represents (0.5%) or more of the unit price along with disclosing this on its website or the website of the self-managed fund and in the fund's reports excluding the Family Fund in relation to which disclosure shall be to the unit holders pursuant to the prospectus **Article (20) Listing of the Local Funds Units**

1. The units of the closed- end public local fund should be listed.
2. The units of the open- ended public local fund and the private local fund may be listed for the purposes of trading or disclosure if the same is provided by the prospectus.
3. Units of the Family Fund shall not be listed in the Market.

Article (21) Amending the offering document and the offering document information summary (KIID)

First: The public fund:

The Fund Manager and the board of directors of the Self-managed Fund may make any change to the terms and conditions of the prospectus and KIID of the fund subject to:

1. Obtaining the approval of the Authority and the unit holders by a special resolution in the event of material change.
2. Obtain the approval of the Authority and the unit holders under an ordinary resolution in the event of important change.
3. Notifying the Authority and the unit holders in the case of a Change Which Requires Notice

4. Disclose f any change of details on the website of the fund manager or the self-managed fund and the market if the investment units are listed therein within (5) work days before the change become effective. The Authority may amend the disclosure period depending on the type of amendment.
5. Immediately disclose to the Authority and the unit holders of any exceptional circumstances that may have negative or material effect on the fund assets, with identifying the expected effect of the same and the procedures taken or proposed to be taken to deal with such case, the method of management or remedy of the same as soon as practicable to mitigate the possible losses of the unit holders.
- 6.

The Authority may, if it finds that the suggested amendments to the offering document may have a material effect on the rights of some unit holders, set a condition that the fund manager or the board of directors of the self-managed fund shall obtain the approval of more than (75%) of the holders of the investment units on these amendments.

Third: The private fund:

The Fund Manager and the board of directors of the Self-managed Fund may make any change to the terms and conditions of the prospectus and KIID of the fund subject to the following:

1. The mechanism of the change is specified in the prospectus.

2. To notify the Authority and the unit holders of any change to the prospectus within (5) working days prior to the effective date of the change.

Third: The Fund Manager and the executive body of the Self-managed Fund shall pay a fee for studying the application for amendment of the prospectus prescribed by the Authority on making the substantial and important changes.

Article (22) Purchase by the Closed-end Local Fund of its Traded units

The closed-ended investment fund may purchase its traded units unless the offering document states otherwise, provided that the fund manager and the board of directors of the self-managed fund, shall comply with the following:

1. The local fund's units shall be purchased for the purpose of holding them as treasury units or cancellation thereof, provided that the unit price in the market is below the declared Net Asset Value of the unit by more than (10%) with availability of liquidity sources in the fund or in any other case as may be approved by the Authority.
2. Issuance of an Ordinary Resolution by the general assembly of the unit holders approving the purchase of the units and specifying the maximum number of the units the subject of the purchase and the purposes thereto, and the sources of financing the purchase transaction, and approving authorization of the Fund Manager and the board of directors of the Self-managed Fund to

establish and implement a place for purchase of treasury units within not later than (12) months from the date of issuance of the general assembly resolution.

3. The fund's treasury units shall not in any time exceed (10%) of the total number of the units issued by the fund.
4. The maximum to be purchased daily is (10%) of the quantity approved in the meeting of the unit holders.
5. The purchase price shall not exceed (5%) of the market closing price of the day preceding the day on which the purchase is made.
6. The purchase shall be stopped in the event that the market price of the units becomes higher than the maximum limit specified in the general assembly's meeting.
7. The purchase shall not result in reduction of the public unit holders below the requirements provided in the listing rules (if applicable).
8. The purchase transaction shall be completed through the market, provided that it shall not be completed under a special deal.
9. The purchase shall not have negative effect on the liquidity position of the fund or the investment policy of the fund.
10. The treasury units purchased by the fund shall not have any voting rights in the unit holders meeting and shall not have any entitlements in the fund's distributions.

11. It shall disclose on its website, the website of the self-managed fund and the market's website, the assembly meeting resolution of approving the fund's transaction of purchasing its units.
12. Notify and coordinate with the relevant market concerning the required disclosures and the mechanism of implementing the units purchase plan.
13. State in the fund's annual report details on the treasury units kept by the fund, the acquisition prices scope and the details of disposing of these units.
14. The treasury units shall be sold after the Authority's approval according to the following rules:
 - A. Selling within a period not exceeding two years from the purchase completion date. In the event of not complying with this period, the same shall be cancelled.
 - B. The sale transaction shall be implemented without exceeding a percentage of (10%) of the total quantity of the treasury units to be sold per day of trading.
 - C. Sale shall be done through the market, provided that it shall not be completed under a special deal. Selling the units through the market shall exclude the cases of swap against purchase of assets based on the unit's declared net asset value (NAV) or the market price, whichever is higher on the date of

the swap and without prejudice to the terms and conditions of the offering document.

Chapter (3): Rights of the unit holders

Article (23) Rights and limits liability of the unit holders

1. The local fund assets guarantee the unit holders' rights, thus, they may not be mortgaged, lent to others, seized or disposed of for meeting any dues or obligations related to any other person unless they are associated with the local fund, its activity, investment strategy and obligations.
2. The local fund's unit holders shall not be held accountable for the local fund's obligations unless within the limits of the investment units owned by them.
3. The unit holders, their heirs or creditors, may not request allocation or retention of any of the local fund assets or request obtaining an allotment right therein, unless the offering document states otherwise and as appropriate to the nature of the fund and its investment strategy approved by the Authority.

Article (24) Redemption of the local fund units

First: Redemption of the local fund units:

The fund manager and the executive body of the self-managed fund shall comply with the following:

1. Establish effective investment mechanisms for management of liquidity and suspension of redemption to ensure providing an amount of liquidity that is suitable for the nature of the Local Fund to address the risks associated with its investments. Such liquidity may be represented in low-risk investment instruments convertible into cash upon request.
2. Approve the sale and redemption of the local fund's units according to the declared price of the units' net asset value as per the mechanism specified in the offering document.
3. Notify the unit holders of the Local Fund of the cases of suspension of the redemptions by the notification method provided in the prospectus and to deal with them in a fair manner.
4. All the procedures of the investment units' sale and redemption shall be documented.

Second: Additional provisions for redemption of the public fund units:

1. The unlisted open-ended public fund units shall be redeemed against cash at the declared price of the unit's net asset value and in accordance with the offering document.
2. The closed-ended public fund units shall be redeemed against cash in accordance with the date specified in the offering document or upon expiry of the fund.

3. The Authority may suspend the redemption transactions for the sake of public interest.
4. The fund manager or the executive body of the self-managed fund may suspend the redemption transactions temporarily for no more than (10) working days according to the conditions specified by the offering document along with notifying the Authority thereof.
5. The fund manager or the executive body of the self-managed fund may, after obtaining the Authority's approval, suspend the redemption transactions for no more than (10) working days if there are exceptional circumstances that negatively affect the fund, such as the following:
 - A. Redemption requests flow in one time in a way that makes it difficult to meet them.
 - B. Inability to liquidate the investment fund assets for reasons beyond control.
 - C. Significant and sudden decrease in the value of the investment fund assets
 - D. Any other cases approved by the Authority.
6. The fund manager and the executive body of the self-managed fund shall notify the Authority and the unit holders of expiration of the redemption suspension period.
7. Charity fund units shall not be redeemed

Third: Redemption of the private fund units:

1. Redemption may be made in kind for the units of the Private Real Estate Fund and precious bullions pursuant to the prospectus and any other fund the Authority approves its redemption in kind in accordance with the nature of the fund.
2. The local private fund manager may suspend the redemption transactions according to its offering document, provided that the Authority shall be notified thereof.

Article (25) Local fund's profits

1. The Fund Manager and the executive body of the Self-managed Fund shall distribute profits to the unit holders pursuant to the prospectus in cash or as free of charge or partly paid units, or by any other means as may be allowed by the prospectus, and may retain the profits of the fund if the prospectus provides for the same.² The fund manager and the executive body of the self-managed fund shall immediately announce any dividends on its website except in the case of family fund.

Article (26) Priority Right of the Unit Holders of the Closed-end Public Fund

On increase of the capital of the Closed-end Local Fund the unit holders shall have priority to subscribe in the capital increase units.

If the subscription requests of the unit holders exceed the number of the offered Investment Units, the provisions of Article 9(3) concerning excess of subscription requests shall apply.

Chapter (4): Additional provisions on the public fund

Article (27) The general assembly of the public fund unit holders

Without prejudice to the provisions of this Resolution, the prospectus of the fund shall include the procedures, conditions and cases which call for holding a general assembly of the unit holders, subject to the following: **First: Holding the general assembly**

The public fund's general assembly shall be held after obtaining the Authority's approval in the following cases:

1. In the cases where the fund manager deems it necessary to invite the unit holders to decide on some matters.
2. Based on a written request from the custodian after he obtains approval from the Authority in the cases where he deems it necessary to invite the unit holders.
3. Based on a written request from one or more unit holders who jointly or severally possess a percentage of (5) % at least of the fund units' value.
4. Any other cases specified in the offering document.

Second: Invitation for convening the general assembly meeting

1. The invitation for convening the general assembly shall be sent, after the Authority approves the same, to all the unit holders according to the offering document as follows:
 - A. The invitation for convening the general assembly shall be declared within at least (21) days before the specified meeting date.
 - B. The invitation for convening the meeting shall be in accordance with the declaration method specified in the offering document.
 - C. The shareholders shall be notified by notarized letters or by the modern technological means as per the mechanism specified in the offering document.
2. The fund manager and the executive body of the self-managed fund shall provide the Authority, the custodian and the auditor with a copy of the declaration on the invitation publication date.
3. The meeting invitation shall include the agenda, the place, date and time of the first meeting and the second meeting in the event of unavailability of the quorum required for validly holding the first meeting. It shall also clarify the persons having the right to attend the general assembly meeting and their right to authorize their attorneys under a special power of attorney established in writing, the unit owner's right to discuss the matters listed in the general assembly's agenda and to ask questions to the fund manager, the self-managed fund's board of directors and the auditor, the required quorum for validity of the general assembly's meetings

and the decisions issued therein, and it shall clarify the persons entitled to the dividends if any.

4. The general assembly meetings may be held while the unit holder attends its deliberations and votes on its decisions by remote technological means according to the rules specified by the Authority in this regard.

Third: The provisions of the Commercial Companies Law shall apply to the validity of advertisement of invitations to the unit holders, and to their request and the auditor's and the Authority's request to convene a meeting of the general assembly, the right to attend the general assembly meeting, monitoring the general assembly meetings, the powers of the general assembly, the meeting quorum, withdrawal from the meeting, discussion of the agenda, voting on resolutions, minutes of meetings, general assembly resolutions and their enforcement, inspection of its minutes and suspension of its resolutions..

Fourth: As for matters that are not mentioned in the provisions of this resolution, the general assembly's powers shall be specified under the offering document.

Fifth: The fund manager and the self-managed fund's board of directors or its representative, shall be responsible for chairmanship of the general assembly meeting, the attendance record of the unit holders in the general assembly meeting, management of the meeting and collection of the votes.

Sixth: The fund manager and the self-managed fund's board of directors shall notify the Authority of the invitation for holding the unit holders meeting, and they shall comply with all the decisions issued by the unit holders meetings within (5) days from the date of the assembly's meeting.

Article (28) Related party Transactions of the public fund

First: The related parties of the public fund may invest for their own account in the relevant fund's investment units, provided that the following conditions shall be met:

1. The fund's offering document shall allow this.
2. They may not have rights or conditions better than the rights of the other unit holders of the same class.
3. They shall refrain from voting on the matters where they have interests.

Second: The related party of the public fund shall disclose to the fund manager or the executive body of the self-managed fund of the fact that he is a related party, before conducting any transaction with the public fund, along with disclosing any direct or indirect interest with the fund.

Third: The fund manager and the executive body of the self-managed fund shall, before conducting any transaction on the public fund managed by it, investigate the transaction parties and whether any of them is a related party of the fund.

Fourth: If the transaction is conducted with a related party of the public fund, the fund manager and the self-managed fund's executive body shall comply with the following:

1. Obtain the approval from the fund's board of directors and in the event of its absence, the approval from the investment committee formed of the fund manager, along with excluding the vote of the member who is classified as a related party of the fund concerning the transaction subject of the voting, provided that the approval request shall include the following:
 - A. Summary of the main commercial and legal conditions applicable to the transaction.
 - B. Details of all the counterparties of the transaction.
 - C. feasibility of the transaction.
 - D. Any other important and material information on the suggested transaction.
 - E. Confirmation of that the transaction is fully independent between its parties and absence of any bias in assessment of the investment opportunity of the transaction “Arms’ length” with demonstrating detailed basis on which the conclusion of independence of the transaction is based. F. Proof of that the transaction is in the best interest of the unit holders
2. Obtain the approval of the general assembly of the unit holders under an ordinary resolution, along with excluding the vote of the unit

holder who is classified as a related party of the fund concerning the transaction subject to voting, in any of the following cases:

- A. If the total value of all transactions related to purchase or sale of assets or properties or securities purchase with the related parties of the fund in a financial year exceeds a percentage of (10 %) of the fund's net asset value.
 - B. If the value of the money lent from the related parties in a financial year exceeds a percentage of (10 %) of the fund's total loans.
 - C. If any of the public fund's properties are leased to a related party of the public fund, in the following cases:
 - 1) If the leased assets' area exceeds (20 %) of total area of the fund assets'.
 - 2) If the leased assets' value exceeds (20 %) of total value of the fund's assets'.
 - 3) If the rental value received from those leased assets exceeds (20 %) of the total rental value of the fund's assets'.
3. Prior disclosure to the unit holders of the details of any transactions on the fund with the related parties of the fund or with any other party who dealt with the related party of the fund in the same deal or part thereof or in any transaction associated with that deal within the two preceding years. If the required disclosure fails, the Authority should be notified of the same along with clarifying the

reasons for that failure. The Authority may approve the non-disclosure or obligate him to do the same.

4. Disclosure of the transactions of the related parties of the fund shall include the procedures and precautions taken for ensuring that those transactions are completed in accordance with terms and conditions that are similar to the terms entered into by him with other persons who are independent from the fund.
5. The disclosure shall be within the timelines and in accordance with the mechanism agreed in the subscription application form or the prospectus. Disclosure shall be done according to the dates and mechanism agreed upon under the subscription form or the offering document.

Article (29) Disclosure requirements for the closed-ended public fund

First: The fund manager and the self-managed fund's board of directors shall disclose to the Authority and the unit holders any undisclosed changes whether material, important or changes which a notification should be submitted, along with any other financial or operational changes that may affect the fund's assets, the unit holders' rights or the fund's ability to pay its debts, which may affect the investment decision made by the unit holders concerning the sale, purchase or hold of the fund's investment units, including:

1. Any sudden increase or decrease in the fund's assets as a result of an acquisition transaction, sale deals or suspension of one of the

fund's main activity having a value of (10 %) or more of the fund's net asset value.

2. Any sudden increase or decrease in the fund's profits or losses of a value of (10%) or more of the fund's net asset value.
3. Any case of claim, dispute or court judgment, having a value of (10%) or more of the fund's net asset value.
4. Any transaction, deal or arrangement with the related parties of the local fund or that involve conflict of interests, having a value of (5%) or more of the fund's net asset value or having an effect on (5%) or more of the fund's total revenues.
5. The transactions of (1%) or more of the total investment units' number, that are performed by the major investment unit holders who possess (5%) or more of the fund's investment units.

Second: For the purposes of calculating the changes under clauses from (1-4) above, the changes shall be calculated based on the most recent initial or final financial statements issued by the fund.

Article (30) Issuance of sukuk and bonds

The closed-end public fund may issue sukuk or bonds for the public or professional investors according to the provisions regulating the issuance thereof in the public joint stock companies as stated in the Companies Law and the resolutions issued by the Authority.

Chapter (5): Additional provisions on the private fund

Article (31) Advertisements and promotional materials of the private fund

The fund manager and the executive body of the self-managed fund shall comply with the following:

1. Provide the Authority with a copy of any documents distributed to the unit holders. Such documents shall clarify the private fund's specific nature and shall include a disclaimer for the Authority as per the form prepared for this purpose.
2. Refrain from using the public advertisement media of all types, including audio, video and read media.

Article (32) Restrictions on Transfer of Title to the Private Fund Units

Transfer of title to the Private Fund units shall be limited to the following cases:

- a. Transfer to existing unit holders.
- b. Transfer to Professional Investors or Counterparty, provided that the minimum nominal value of the transferred units shall not be less than Dirhams 180 thousand or the equivalent amount in other currencies.
- c. Transfer to any family member or corporate person (100%) owned by a family member in the Family Fund.

2. Investment Units of the Family Fund shall not be sold or pledged to any third party who is not a family member or to a corporate person (100%) owned by any such party.

Article (33) General Assembly of the Unit Holders of the Private Fund

First: Without prejudice to the provisions of this resolution, the private fund's offering document shall include the procedures, conditions and cases based on which the unit holders general assembly shall be held, along with the mechanism and conditions of the invitation for holding the meeting and validity thereof, the right to attend the general assembly and supervise the general assembly meeting, the general assembly powers, the meeting quorum, withdrawal from the meeting, discussion of the agenda, voting on the decisions, the required quorum for the decisions, the meetings minutes, the assembly's decisions and implementation thereof, reviewing the minutes thereof and suspending its decisions.

Second: As for matters that are not mentioned in the offering document, the provisions of this resolution shall apply.

Third: The Authority and the auditor may convene a general assembly meeting in the cases which call for the same.

Fourth: The fund manager and the self-managed fund's board of directors or its representative, shall be responsible for chairmanship of the general assembly meeting, the attendance record of the unit holders in the general assembly meeting, management of the meeting and counting the votes.

Fifth: The fund manager and the self-managed fund's board of directors shall notify the Authority of the invitation for holding the unit holders meeting, and they shall comply with all the decisions issued by the unit holders meetings within (5) days from the date of the assembly's meeting.

Chapter (6): Replacement and Resignation of the Fund Manager and the board of directors of the Self-managed Fund or Vacancy of the Office of a Member of the Executive Body

Article (34): Change of the fund manager or the self-managed fund's board of directors

First: The reason for change:

1. Issuance of a special resolution by the general assembly of the unit holders, after obtaining the Authority's approval in the case of public fund.
2. Issuance of a resolution by the unit holders as stated in the offering document, after obtaining the Authority's approval in the case of private fund.
3. Issuance of a resolution by the Authority if it deems that he committed a material and significant violation of his obligations, duties and the provisions stated in this resolution and the relevant resolutions, or if the Authority sees - for important reasons - that

this is for the sake of the interests of the unit holders in accordance with the public interest.

Second: Continuing obligations of the Fund Manager and the board of directors of the Self-managed Fund on issuance of a resolution on their replacement:

1. To continue performance of their duties relating to the fund with refraining from taking any investment resolutions – except as may be necessary in the interest of the unit holders – pending agreement with a replacement Fund Manager and board of directors of the Self-managed Fund and confirmation by the replacement of completion of full transition of the responsibilities and obligations.
2. To exert the maximum levels of cooperation with the Authority, the Service Providers and the replacement Fund Manager or board of directors of the Self-managed Fund, and to provide all the documents and information necessary for transition of the responsibilities to them.

Third: the unit holders may request to resolve and liquidate the fund under a special resolution issued by the general assembly of the unit holders in the event that the fund manager or the self-managed fund's board of directors fail to agree with an alternate manager of the fund or an alternate board of directors of the fund within a period of (6) months from the change decision related to it.

Article (35) Withdrawal of the fund manager or the self-managed fund's board of directors

The fund manager or the self-managed fund's board of directors shall comply with the following if they desire to withdraw from management of the fund.

1. Submit a request to the Authority clarifying the reasons and justifications of the withdrawal. The Authority may assess the seriousness of those reasons and approve or dismiss the request.
2. Notify the unit holders before (60) working days from the specified withdrawal date.
3. Transfer the tasks to the alternate manager of the fund or to the alternate board of directors of the self-managed fund under an agreement stating at least the same terms and conditions of the contract made with the fund.

Article (36) Vacancy of the position of one of the members of the self-managed fund's executive body

The fund's board of directors' members shall comply with the following in the event of vacancy of the position of one of members of the executive body:

1. Notify the Authority and the unit holders of the same no later than (5) working days from the date on which the position became vacant.
2. Appoint an alternate member to occupy the vacant position no later than (20) working days from the date on which the position became

vacant, provided that the Authority and the unit holders shall be notified thereof.

3. One of the members of the board of directors shall assume the tasks of the vacant position until the new executive body member is appointed.
4. Provide a report to the Authority on the decisions made by the executive body during the period of the position vacancy and the re-appointment, along with including such decisions in the fund's report.

Chapter (7): Conversion of the local fund

Article (37)

A Closed-end Local Fund may be converted into an Open-end Local Fund and a Private Local Fund or the funds established by the government or the company's wholly owned by the government may be converted into Public Local Fund upon fulfillment of the following requirements: 1. If the offering document states that conversion is permitted.

2. The fund conversion plan shall not result in exposing the fund to any circumstances that may negatively affect its operational

transactions, revenues or the rights of any one of the unit holder's categories.

3. The fund manager or the self-managed fund's board of directors shall submit a detailed study on the conversion plan to the Authority. Such study shall clarify all the conversion plan aspects, provided that it shall include at least the reasons and feasibility of the conversion process, the conversion arrangements, the executive steps, the schedule and detailed statement on the amendments to the offering document.
4. Statement on the amendments to be made to any rules and regulations of the fund for compliance with the requirements of conversion into a public fund or an open-ended fund.
5. Obtain the Authority's approval on the conversion plan and the offering document amendments.
6. Obtain the unit holders approval under a special resolution on the conversion plan and the required amendments to the offering document.
7. Any documents or other requirements required by the Authority.

Chapter (8): Expiry of the local fund

Article (38) Procedures for winding up

1. The Local Fund shall be wound up in any of the following cases:
 - a. Expiry of its term specified in the prospectus or completion of the purpose for which the fund was established.
 - b. Dissolution or merger in accordance with the provisions of this Resolution.
 - c. Issuance of a court judgment on dissolution of the fund.
 - d. Loss of all, or substantially all, the assets of the fund such that the investment of the remaining assets, its continuation or realization of its objective becomes in the Fund Managers' discretion infeasible.
 - e. Inability of compliance by the Local Fund with amending its status pursuant to the new laws and resolutions.
 - f. Issuance of a resolution by the Authority on winding up the fund for substantial violations or for the public interest.
2. In addition to the provisions of (1) of this Article, the Public Local Fund shall be wound up in the case of failure to carry on its activity or its investment policy within (12) months from the date of its licensing.
3. The Fund Manager and the founders of the Self-managed Fund shall specify the procedures of winding up the Local Fund in the Prospectus.

4. The Fund Manager and the executive body of the Self-managed Fund shall immediately notify the Authority on the occurrence of any of the cases of winding up or liquidation of the Local Fund.
5. Winding up the Investment Fund and expiry of its corporate personality shall be established by issuance of resolution by the Authority or a final judgment by the competent court on its winding up.
6. Replacement or resignation of the Fund Manager or the board of directors of the Self-Managed Fund shall not result in dissolution or winding up of the fund.
7. In the case of failure to appoint another Fund Manager or board of directors of the Self-Managed Fund for any reason whatsoever, or in the case of winding up the Fund Manager, the Authority may appoint another Fund Manager or board of directors or liquidate the fund.
8. The Local Fund shall pay the fund license cancellation fee prescribed by the Authority on the occurrence of any of the winding up cases listed above.

Article (39) Liquidation of the local fund

1. During the liquidation period, the local fund shall maintain its legal personality to the extent necessary for the liquidation process. The

phrase "under liquidation" shall be added to the local fund's name and shall be written in a clear manner.

2. The fund manager and the self-managed fund's board of directors shall notify the Authority of any liquidation process.
3. If the local fund is subject to compulsory liquidation, the liquidation, the liquidator appointment and fees, and the liquidation procedures shall be subject to the competent court's judgment.
4. In the event that the private fund is subject to voluntary liquidation, the liquidation, the liquidator appointment, fees, and the liquidation procedures shall be subject to the offering document, provided that the liquidation request review fee shall be paid if the offering document states the necessity of obtaining the Authority's approval.
5. If the public fund is subject to voluntary liquidation, the following shall be met:
 - A. Issuance of a special resolution by the general assembly of the unit holders concerning the liquidation.
 - B. Specification of the liquidator, his fees and the liquidation procedures according to the fund's offering document or based on a special resolution by the general assembly of the unit holders, if this is not included in the offering document.

- C. Submit the liquidation application to the Authority by the fund manager or the self-managed fund's board of directors and paying the liquidation request review fee.
 - D. Refraining from starting or announcing liquidation procedures before issuance of the Authority's approval on the liquidation procedures and the entity that will assume liquidation and the fees thereof.
6. The Authority shall request liquidation of the local fund as necessary for the public interest.
7. The Authority may - in accordance with the public interest requirements and the interest of the unit holders - dismiss the liquidator from the liquidation activities and appoint an alternate liquidator along with notifying the unit holders thereof.
8. The liquidator shall comply with any instructions issued by the Authority on the liquidation process and shall provide it with any required data or documents within the period specified by the Authority unless the liquidation is performed under a competent court's judgment.

Article (40) Obligations of the fund manager and the board of directors of the self-managed fund upon liquidation

The fund manager and the board of directors of the self-managed fund shall comply with the following:

1. Start the liquidation procedures no later than (10) working days from the date of the Authority's approval on the liquidation, in the event that the local fund is liquidated under voluntary liquidation or from the date of issuing the liquidation decision as the case may be.
2. Notify the market - if listed -, the Authority and the investment unit holders of any essential or material events during the liquidation period, and of the liquidation procedures end and the distribution of the unit holder's dues to them without delay.
3. Announce the liquidation final report on its website and the website of the self-managed fund and the market - if listed - within (5) five working days from the date of end of the fund liquidation process, except the family fund.

Article (41) Merger of investment funds

First: General Provisions:

1. Investment funds may be merged through **the consolidation method** by merging one or more investment funds with an existing investment fund or through **the mixing method** by mixing one or more investment funds and forming a new local fund.
2. Unless otherwise agreed by the Authority, investment funds to be merged shall be of similar investment nature and policy.
3. Holders of the units of the Open-end Local Fund shall be entitled to redeem their units before the effective date of the merger,

without any redemption fees- if any 4. The process of merger of private local funds and foreign funds according to the procedures stated in the offering document of those funds or the provisions of this resolution unless the same is governed under provision stated in the offering document.

5. If the merging fund is a foreign fund, the merger procedures completion dates shall be subject to the foreign country's laws and the merger shall be announced according to the regulatory requirements applicable in the country where the merging fund exists.
6. The public fund manager and the board of directors of the self-managed fund shall grant the unit holders a sufficient respite during the period from the merger announcement to the (5) days before calculation of the replacement ratio for the redemption of their units in cash or requesting units in similar funds managed by the same investment management company or its parent company, affiliate, subsidiary or a sister company thereof.
7. Family funds shall be merged if the owners thereof are of the same family and are the legal entities that are (100%) owned by the same family members.

Second: Merger procedures:

The fund manager and the self-managed fund's board of directors shall comply with the following:

1. Issue a special resolution by the general assembly of the unit holders on approving the merger without prejudice to the offering document and the provisions of this resolution, provided that the invitation for the general assembly shall include sufficient information on the merger process in the Arabic language, and it may be also issued in other languages, including the following:
 - A. Reasons and type of the merger.
 - B. The effect of merger on the unit holders in terms of costs and fees and the mechanism of their application to ensure fair treatment of the unit holders and the change in the investment policy.
 - C. Any rights resulted from the merger such as the redemption or otherwise.
 - D. The plan of implementing the procedures of completion of the merger and the date of proceeding with it and the time program estimated for it.
 - E. Updated offering document information summary (KIID).
2. A merger agreement shall be entered into between the funds desiring to merge. Such agreement shall be signed by the funds' managers or the boards of directors of the self-managed funds, provided that it shall at least include the following:
 - A. Type, form and reason of the merger.

- B. The merger's effect on the unit holders of the merged investment funds.
 - C. The method of evaluation of the investment funds' assets, liabilities, etc, the replacement ratio and the method of calculation thereof.
 - D. The merger enforcement date.
 - E. The rules of money and assets transfer and units exchange between the merged funds and the method of issuing new units.
3. File an application before the Authority to obtain the Authority's approval on the merger plan before taking any procedures in this regard, provided that the following documents shall be attached to the application:
- A. Copy of the general assembly's approval on the merger.
 - B. Copy of the merger agreement made between the funds.
 - C. Offering document or draft document of the merging investment fund or the new investment fund.
 - D. A statement signed by the custodian of the investment funds desiring to merge, concerning the mechanism and arrangement of transferring the investment funds' money according to the merger agreement that intended to be signed.

4. Family funds shall be merged according to the offering document after obtaining the Authority's approval.
5. The Authority shall review the merger application. It may request the clarifications, guarantees or additional information that it deems necessary for reviewing the request. The Authority shall issue its decision of approval or dismissal of the application no later than (20) working days from the date of filing the application according to the required conditions. The Authority may attach to its approval the conditions or restrictions decided by it as required for the public interest.

Third: Merger effects:

1. If merger is completed through the mixing method, it shall result in the following:
 - A. Replacement of the two merged funds' units with the new fund's units, provided that the unit's fractions shall be replaced with cash.
 - B. The merged funds' custodian shall transfer the funds' money, assets, rights and obligations before the merger process to the new investment fund and its custodian.
 - C. The new local fund resulted from the merger process shall be established and licensed according to the provisions of this resolution.

2. If merger is done through the consolidation method, it shall result in the following:
 - A. Issuance of new investment units for the merged fund's unit holders.
 - B. The custodian of the merged fund shall transfer its money, assets, rights and obligations before the merger process to the merging investment fund and its custodian.
3. The fund manager and the self-managed fund's board of directors shall notify the custodian and the Authority of the merger completion.
4. The Authority shall issue the decisions related to the dissolution of the merged local funds. Upon merger completion, the legal personality of the merged investment funds shall expire.

Chapter (9): Final Provisions

Article (42) Control & Inspection

1. The Authority may take all the required procedures for supervision, control and inspection of the local funds and all related parties to the fund, and to ensure compliance with the Authority's law and the resolutions, circulars or regulations issued in accordance thereto.

2. In performing its Control and supervision the Authority shall have all the powers which enable it to inspect and require the details, information and documents considered by the Authority necessary or required for Control purposes and for investigation of any violations which result in inspection or which are included in the complaints received by it. The parties regulated by the Authority shall enable the Authority to perform its Control and inspection procedures without delay.3. The Authority may request publication of any information as it deems necessary for protecting investors.

Article (43) Violations & Penalties

First: Actions violating the provisions of this resolution shall be subject to the administrative procedures specified in the Cabinet decree issued for implementation of the Companies Law.

Second: In the event of violating the provisions of this resolution or the appendixes or the regulations issued in accordance with it, the Authority may suspend or cancel the establishment, licensing or approval procedures.

Article (44) Complaints & Appeals

The Authority shall receive the complaints and appeals relating to the provisions of this Resolution pursuant to the controls and resolutions issued by it in this respect. .

Article (45) Resolutions, Annexes and forms

1. The Authority shall issue the appendixes referred to in this resolution and any appendixes, resolutions or other forms required for enforcement of the provisions hereof.
2. The Authority may issue other mechanisms for the regularization or amendment of the mechanism mentioned in this resolution.

Article (46) Repealing of the previous resolutions

The following resolutions shall be cancelled:

1. The Authority's Board of Directors' Resolution No. (9/ Chairman) of 2016 Concerning the Regulations as to Investment Funds, and the administrative decisions issued for implementation thereof.
2. The Chairman of the Authority's Board of Directors' Resolution No. (10/ Chairman) of 2016 Concerning the Fees of the Investment Funds System.
3. The Chairman of the Authority's Board of Directors' Resolution No. No. (32/ Chairman) of 2017 Concerning the Regulation for General and Limited Partnership Fund.
4. The Chairman of the Authority's Board of Directors' Resolution No. No. (08/R) of 2019 Concerning the Investment Funds Mechanism.

Article (47) Amendment of Status

1. The investment fund established in the State before enforcement of this resolution shall comply with the provisions stated herein except for the following:
 - A. The provisions on establishing the local fund unless the closed-ended local fund increases or decreases its capital.
 - B. The licensing provisions except for its term and renewal.
2. The investment fund established in the State before enforcement of this decision may continue conducting its activity according to its classification and investment strategy stated in its offering document. If the offering document does not state any provision on the same, the provisions of this resolution shall apply.
3. Any amendment to the prospectus, the investment policy or the classification of the fund, or any subsequent amendment to the mechanism of operation of the fund after the effective date of this Resolution shall be in accordance with the provisions of this Resolution.
4. The joint investment schemes and programs and the investment funds associates with insurance products established by insurance companies licensed in the State, shall continue until the Authority issues a resolution on regularization thereof separately.

Article (48) Effective Date of the Resolution

This Resolution shall be published in the Official Gazette and shall come into effect as of the day following the date of publication.



هيئة الأوراق المالية والسلع
SECURITIES & COMMODITIES AUTHORITY



Mohammed Bin Ali Al Shorafa Al Hammadi

Chairman of the Board of Directors

Issued in Abu Dhabi on 16/1/2023

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